



8011-01  
SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-82414; File No. SR-BOX-2017-38)

December 28, 2017

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Rule 5050 to Extend the Pilot Program That Lists RealDay Options (“RealDay Pilot Program”)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 21, 2017, BOX Options Exchange LLC (the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of the Substance of the Proposed Rule Change

The Exchange proposes to amend Rule 5050 to extend the pilot program that lists RealDay Options (“RealDay Pilot Program”). The text of the proposed rule change is available from the principal office of the Exchange, at the Commission’s Public Reference Room and also on the Exchange’s Internet website at <http://boxoptions.com>.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Rule 5050(f) to extend the time period of the RealDay Pilot Program,<sup>3</sup> which is currently scheduled to expire on February 2, 2018, through February 2, 2019.

This filing does not propose any substantive changes to the RealDay Pilot Program. In the original proposal to establish the RealDay Pilot Program, the Exchange stated that if it were to propose an extension, permanent approval or termination of the program, the Exchange would submit, along with any filing proposing such amendments to the program, a report containing an analysis of volume, open interest, and trading patterns in RealDay Options. In addition, the Exchange stated that pilot report would provide analysis of price volatility and trading activity in additional option series.

Because the industry has not finished developing the technology for clearing and settlement of RealDay Options and BOX has not launched this product, there is no meaningful data available to compile the Pilot Report at this time and therefore the Exchange did not file a Pilot Report prior to this extension request. The Exchange believes it is appropriate to extend the RealDay Pilot Program to provide time for the industry to develop and implement the requisite technology so that the Exchange can prepare a meaningful Pilot Report if it were to propose any

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<sup>3</sup> See Securities Exchange Act Release No. 79936 (February 2, 2017), 82 FR 9886 (February 8, 2017)(Order Granting Approval of a Proposed Rule Change To Amend Rule 5050 Series of Options Contracts Open for Trading To Provide for the Listing and Trading on the Exchange of RealDay).

further extension, permanent approval or termination of the program.

As with the original proposal to establish the RealDay Pilot Program, the Exchange represents that the Pilot Report will be submitted within two (2) months of the end of the extended pilot period. The Pilot Report will contain the following volume and open interest data for RealDay Options:

- (1) daily contract trading volume aggregated for all trades, for all option series with less than 31 days until expiration;
- (2) daily contract trading volume aggregated by expiration date, for all option series with less than 31 days until expiration;
- (3) daily contract trading volume for each individual series;
- (4) daily open interest aggregated for all series, for all option series with less than 31 days until expiration;
- (5) daily open interest aggregated for all series by expiration date, for all option series with less than 31 days until expiration;
- (6) daily open interest for each individual series;
- (7) statistics on the distribution of trade sizes;
- (8) type of market participant trading (e.g., contract trading volume for each market participant type); and
- (9) 5-minute returns, level changes, and trading volume for the S&P 500 Index, VIX, SPY, IVV, and expiring RealDay options between open and close for the first and second Wednesday of the month that is a trading day and trading days when standard SPY options expire.

In addition to the pilot report, the Exchange would periodically provide the Commission

with interim reports of the information listed in items (1) through (9) above as required by the Commission while the pilot is in effect. These interim reports would also be provided on a confidential basis.

## 2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,<sup>4</sup> in general, and Section 6(b)(5) of the Act,<sup>5</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. The Exchange believes that extending the RealDay Pilot Program promotes just and equitable principles of trade by permitting market participants, including market makers, institutional investors and retail investors, to introduce new and innovative products to the marketplace. Further, the Exchange believes that extending the RealDay Pilot Program will allow the industry to fully develop and implement the requisite technology for RealDay Options which will allow the Exchange to launch the Program in order to gather the requisite data for the above mentioned pilot report.

### B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is not designed to address any aspect of competition, whether between the Exchange and its competitors, or among market participants. Instead, the proposed rule change is designed

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<sup>4</sup> 15 U.S.C. 78f(b).

<sup>5</sup> 15 U.S.C. 78f(b)(5).

to allow the RealDay Pilot Program to continue while the industry develops the technology needed for RealDay Options.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange has neither solicited nor received comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder.<sup>6</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

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<sup>6</sup> 17 CFR 240.19b-4(f)(6). As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and the text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-BOX-2017-38 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-BOX-2017-38. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, D.C. 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to

make available publicly. All submissions should refer to File Number SR-BOX-2017-38, and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>7</sup>

Robert W. Errett  
Deputy Secretary

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<sup>7</sup> 17 CFR 200.30-3(a)(12).

